

## Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 PM-04 NSC-05 SP-02 SS-15 CIAE-00

INR-07 NSAE-00 DODE-00 EB-07 COME-00 TRSE-00 AGRE-00

/062 W

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R 020326Z NOV 76

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC 7245

INFO AMEMBASSY BANGKOK

AMEMBASSY PARIS

AMCONSUL HONG KONG

AMEMBASSY UDORN

CINCPAC

C O N F I D E N T I A L VIENTIANE 2593

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: ECON EIND EFIN ETRD AFIN ALOW LA

SUBJECT: ECONOMIC CONDITIONS IN VIENTIANE

REF VIENTIANE 2424

1. PRICES OF SOME MAJOR FOOD ITEMS WERE SOMEWHAT HIGHER OR ABOUT THE SAME IN THE LATEST EMBASSY MARKET SURVEY OCTOBER 29 COMPARED TO WHAT THEY HAD BEEN OCTOBER 4, AS REPORTED REFTEL. DURING THAT PERIOD, A KILO OF PORK ROSE FROM 1200 TO 1400 KIP, BEEF REMAINED AT 1400, CHICKEN CLIMBED FROM 1500 TO 1700, AND FIRST CLASS (10 PERCENT BROKEN) WHITE RICE INCREASED FROM 180 TO 200, WHILE EGGS HELD STEADY AT 90 KIP EACH. THE BLACK MARKET EXCHANGE RATE DROPPED TO ABOUT 1400 KIP PER DOLLAR FROM ABOUT 1500 ON OCTOBER 4.

2. MEANWHILE, THE LPDR HAS CONTINUED THE CRACKDOWN ON MERCHANTS IN AN ATTEMPT TO CLOSE THE BLACK MARKET WHICH IT HAD BEGUN IN LATE SEPTEMBER, AS REPORTED REFTEL AND PREVIOUS. GOVERNMENT  
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EMPLOYEES HAVE BEEN SITTING IN THE MERCHANTS' SHOPS DURING OFFICIAL

WORK HOURS TO SEE THAT SALES ARE CARRIED OUT AT THE OFFICIAL RATE OF EXCHANGE OF 200 KIP TO ONE DOLLAR.

3. SOME INDIAN MERCHANTS TOLD THE INDIAN EMBASSY THAT THE LPDR HAD SET TOO LOW A VALUE ON THEIR INVENTORIES AND ASKED THAT EMBASSY TO PLEAD THEIR CASE WITH THE GOVERNMENT. THE EMBASSY REPLIED THAT IT WOULD PROTEST ON THEIR BEHALF ONLY IF THEIR GOODS WERE CONFISCATED WITH NO REIMBURSEMENT, WHICH WAS NOT THE CASE.

4. AS A RESULT OF THE GOVERNMENT CONTROLS, MANY MERCHANTS HAVE LEFT THE COUNTRY OR ARE PLANNING TO DO SO SHORTLY. TO TAKE THEIR PLACE, LAO PARTY VERNACULAR PAPER "VOICE OF THE PEOPLE" OCTOBER 30 ANNOUNCED THAT A GOVERNMENT TAILOR SHOP HAD RECENTLY OPENED TO SELL LOW PRICE CLOTHES.

5. MANY MERCHANTS AND OTHERS WHO USED TO DEAL IN THE BLACK MARKET HAVE BECOME HESITANT ABOUT DOING SO FOR FEAR OF BEING ARRESTED. BUT SOME TRANSACTIONS ARE STILL CARRIED OUT IN THE "MORNING" (DRY GOODS) MARKET AND IN THE SHOPS OF SOME MERCHANTS AFTER THEIR GOVERNMENT WATCHDOGS LEAVE AT THE END OF THE OFFICIAL BUSINESS DAY. SOME MERCHANTS ALSO BELIEVE THAT THE LPDR WILL SOON CONVERT ITS CURRENCY AGAIN, A RUMOR WHICH WAS FLOATED ABOUT A MONTH EARLIER.

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## Message Attributes

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